



Euroclear Finland

Application instructions for participation in Euroclear
Finland • December 2021 • Entry into force 1.1.2022

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Introduction

The purpose of this document is to provide a general outline of the application process of becoming a Participant in Euroclear Finland's CSD system. Also, this document provides instructions for the preparation of an application and details all the relevant documentation the applicant must submit to Euroclear Finland. Information regarding the technical systems as well as a description of the various options that are offered for participation are available on Euroclear's website <https://my.euroclear.com/users/en/login.html>, log in is needed to access MyEuroclear. In the processing of an application, Euroclear Finland will take into consideration those aspects that have a bearing on maintaining public confidence in the securities market. Euroclear Finland therefore places a high demand on security and efficiency and on the ability of the applicant company to run its business operations on a long-term basis. Participants shall also at all times run their business operations in accordance with the Rules and Decisions of Euroclear Finland. According to CSD regulation, Euroclear Finland must assess the legal, financial and operational risks associated with the applicant. The application process is aimed at facilitating the evaluation of the applicant and the potential sources of risks regarding the applicant.

Adequate time should be reserved for becoming a Participant and processing of the application. It is strongly recommended that the applicant establishes contact with Euroclear Finland well in advance of their plan to start as a Participant. After the communiqué from the applicant declaring their intention to apply for Participant status, a timeline for the application process is established and the participation requirements are discussed in detail using the Euroclear Finland Rules and these Application Instructions as a general guideline.

Once an application has been submitted, Euroclear Finland will treat a request for access to become a participant promptly and Euroclear Finland shall provide a response to the requesting party within one month at the latest. Euroclear Finland's Rules, CEO's decisions and the Application instructions govern the process of evaluating the application. A legal person (including a CCP, trading venue and CSD) that intends to become a participant must provide Euroclear Finland with all information which enables Euroclear Finland to evaluate whether the applicant fulfills the admission requirements of a participant and to perform a comprehensive risk assessment regarding legal risks, financial risks and operational risks.

Euroclear Finland processes personal data in accordance with the Act on Data Protection (1050/2018, as amended) and other relevant legislation and ensures the protection of privacy in the handling of such data. Register descriptions in accordance with the Act on Data Protection and further information on the protection of personal data is available on the website of Euroclear Finland.

References and abbreviations

For the convenience of the reader, this document contains references to relevant sections in the Rules and Decisions of Euroclear Finland or Finnish laws where more details of the requirements can be found. The following abbreviations are used for the references:

CCP	Central Counterparty
CSD	Central Securities Depository
LEI	Legal Entity Identification code

Rules and Decisions of Euroclear Finland:
<https://www.euroclear.com/finland/en/participant.html>

Rules	Rules of Euroclear Finland Decision	CEO's Decision(s) related to the Rules of Euroclear Finland
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Legislation:

ABEA	Act on Book-Entry Accounts (827/1991)
ABESSO	Act on the Book-Entry System and Settlement Operations (348/2017)
CSDR	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012
ISA	Investment Services Act (747/2012)
SMA	Securities Market Act (746/2012)

Instructions for applying to Euroclear Finland

In order to join Euroclear Finland as a Participant, you need to submit an application in accordance with the instructions below. To facilitate the application process, please use the same numbering as provided in this document.

Euroclear Finland's Rules and Decisions require that the information specified below in these instructions shall be enclosed on the application in order to process the application.

In the application procedure, you apply for both Depository Participant and Settlement Member roles.¹ In addition, you may apply for a role of Issuer Agent.

A Depository Participant manages its accounts and its clients' accounts within the CSD (i.e. Euroclear Finland). Depository Participants open accounts for their clients and perform actions related to account management or rights and restrictions on their behalf. A Depository Participant is always also a Settlement Member. A Settlement Member places settlement instructions in the system: there is always a buyer's Settlement Member and a seller's Settlement Member through which the settlement instructions are processed. Each settled settlement instruction and settlement restriction is booked to/from a securities account with a Depository Participant's strict liability.

An Issuer Agent is allowed to perform the following functions: Security creation and maintenance, Issuance processing, Program creation and maintenance and corporate action processing. An Issuer Agent is always a Depository Participant as well as a Settlement Member.

The application, handling process of the application and the information provided by you shall be kept confidential in accordance with the applicable regulatory requirements. The application shall be written in English or Finnish and signed by an authorized signatory (as indicated in trade register or otherwise). The application shall be addressed to Euroclear Finland CEO and sent to participants.finland@euroclear.eu.

¹ Settlement Member and Depository Participant refer to a Clearing Party (Selvitysosapuoli) and an Account Operator (Tilinhoitaja), respectively, as defined in the Act on the Book-Entry System and Settlement Operations (348/2017).

1 General information

1.1 Applicant

Specify your official legal name, LEI and the Finnish business ID. Please state that you are applying to become a participant in Euroclear Finland.² Additionally, please specify if you will be operating as a CCP or CSD and if you require a standard CSD link or a customized link.

You must have a permanent establishment in Finland. For foreign applicants, this means that they must have a Finnish business ID (y-tunnus) for administrative and taxation purposes. You can obtain a Finnish business ID from the Finnish Tax Administration.

1.2 Participant types

Please specify the participant roles you apply for. Each participant shall apply for both Depository Participant and Settlement Member status. Issuer Agent status is optional.

1.3 Self-regulation of the CSD

Please confirm that you undertake to comply with the self-regulation of Euroclear Finland.³

Please also explain and confirm how you comply with the relevant Market Regulations and provisions.⁴

1.4 Know Your Client⁵

As a Central Securities Depository, the applicable laws and regulations oblige us to ensure that we know our clients and maintain up to date information of them. Please complete the Know Your Client Questionnaire that Euroclear Finland will provide you with and attach it to your application.

² You can obtain a Finnish business ID from the Finnish Tax Administration. The form is available from the following link: <http://www.vti.fi>.

³ Rules 2.1.26.

⁴ Rules 2.1.33.

⁵ Know Your Client Questionnaire

2 Company law documents

2.1 Company law documents

Please attach an accurate extract from the Trade Register or corresponding information. The documents must clearly state all authorized signatories. Also attach a copy of the articles of association, or equivalent, which shall include information regarding the company's type of business.⁶

2.2 Legal opinion

For applicants with a domicile other than Finland, a legal opinion is required. The legal opinion must be drawn up by a legal expert independent of the applicant and shall take up the following issues:

- The validity of the Rules and Decisions of Euroclear Finland in the applicant's country of domicile, as well as the possibility of enforcing a Finnish court decision or a Finnish arbitration decision in the applicant's country of domicile.
- The validity and enforceability of the Rules and Decisions of Euroclear Finland concerning settlement finality referred to in Article 39 of CSDR in the applicant's country of domicile.
- The possibility of the applicant to ensure the confidentiality of the information provided to the applicant as required by the Rules and Decisions of Euroclear Finland and the Finnish legislation.
- Where it is not possible to attach a registration certificate to the application, a legal opinion as to the terms and conditions applied regarding authorized representation for the company.
- If the applicant is not established in the European Union, is the applicant subject to a regulatory and supervisory framework comparable to the regulatory and supervisory framework that is applicable in the European Union.

2.3 Authorization

Please specify which types of activities the company is authorized to conduct, such as securities business and banking operations. Attach a copy of the license.⁷

⁶ Rules 2.1.34, subsection 2-3.

⁷ Rules 2.1.29 and 2.1.34, subsection 3.

3 Organization description

3.1 Overall organization

Please provide a general description of your company's organization and attach an organizational chart of the overall organization.

3.2 CSD related organization

Please describe in detail your organization regarding your Depository, Settlement and Issuer Agent (if applicable) operations that will interact with Euroclear Finland. Attach an organizational chart of the part of the organization that will conduct business relating to the application, including names and functions.

3.3 Persons responsible

Please specify which persons in your company are responsible for the following issues and provide their email addresses, phone numbers and a description of their experience in their field as well as their place in the organization:

- Technical issues
- Information security and business resilience issues
- Operational issues (Settlement members, Depository participants and Issuer agent operations)
- Legal issues
- A foreign applicant must have readiness to know Finnish legislation for example through an agreement with a Finnish law firm so that legal support is available in a timely manner if necessary. Security/risk issues.

3.4 Personnel and documentation of skills⁸

Please describe how you, by the means of staffing, will ensure the fulfilment of your obligations under the Rules and Decisions of Euroclear Finland.

Please submit a CV of at least two (2) persons participating in the management, especially regarding their experience in the securities markets. Please also submit a CV of at least three (3) persons working with the relevant systems of the CSD, especially regarding their experience in securities operations activities. Please particularly emphasize on their expertise in all roles to be described in this application instruction.

Please provide email addresses and phone numbers for all these persons. Also specify whether these persons are employed on a permanent or temporary basis. Note that this request applies regardless of any outsourcing.

Provide information on any planned user trainings that employees have participated in.

⁸ Rules 2.1.34, subsections 12 and 13 and the Decision: "Requirements imposed on persons using Euroclear Finland's Infinity system".

4 Financial description⁹

4.1 Capital requirement

The applicant must have sufficient financial resources in relation to the scope of the activities referred to in the application and to be responsible for the obligations arising therefrom. EFi scrutinizes the financial statements for the most recent financial years and concludes on the financial situation of the applicant.

Euroclear Finland might seek information from a credit rating agency in conjunction with the processing of the application.

The minimum capital requirement is 730,000 euros in equity capital.

Euroclear Finland will consider the size of the equity capital in relation to registered share capital. Submit copies of the annual reports (financial statement and auditor's report) for the three most recent financial years as well as the most recent quarterly report. Please submit a forecast for current year with adjustments if necessary.

5 Business description

5.1 Overall business concept and CSD related business

Please describe in general your operations and business.

Please describe in detail the part of the business related to Euroclear Finland. In addition, please also clarify in the application the following:

- Clientele and the Account types you intend to use. Please clarify if there are client types you are not intending to serve (e.g. Finnish individuals).
- How you intend to process registration of Rights and Restrictions in the Infinity system, especially if some rights and restriction types are not supported by the Legacy systems.
- How to process Whole account transfers OUT, which is a Finnish legal requirement in case the process is not supported by the Legacy systems¹⁰.
- What instrument types are in the scope of your service.

5.2 Business volumes

Please provide an estimate of the scope of the future operations and key ratios of your business related to Euroclear Finland. Please provide the number of customers, their nationalities or geographical distribution and the estimates of the number and value of transactions.

5.3 Key clients

Provide a list of key clients that have significant transaction volumes & values and a list of clients whose transaction volumes or values are large in relation to your capacity to manage risks.

⁹ ABESSO chapter 5 section 1 and chapter 6 section 4 and ISA chapter 6.

¹⁰ Rules 3.6.1. – 3.6.5.

5.4 Critical service providers¹¹

CDSs and other market infrastructures shall provide a list of any critical service provider on which the other CSD or market infrastructure relies.

5.5 Outsourcing¹²

Please specify whether any external resources will be used for any part of the business operations. Give a comprehensive description of the scope of the outsourcing and specify in detail which operations will be handled by you and which by the outsourcing partner. Submit a copy of the agreement with the outsourcing service provider.

Please provide an explanation of the fulfilment of the below-mentioned preconditions

- Outsourcing may not jeopardize the reliable and appropriate functioning of the book entry system, Book-Entry Register or Settlement System.
- Outsourcing may not jeopardize the Participant's personnel's competence, technical resources, risk management, internal control, business continuity, preparation for incidents or compliance with its other obligations.

Please note that for such arrangements, the responsibilities are unchanged and the liability remains with the Depository Participant buying the services from another Depository Participant or any other outsourcing service provider.

¹¹ CSDR level II Article 69 Operational risks that may be by other CSDs or market infrastructures

¹² Rules 2.1.30–2.1.31.

6 Risk management description¹³

6.1 Risk management organization

A participant in Euroclear Finland must possess the sufficient routines and resources to be able to manage the risks and problems that may arise in relation to the participant's business.

Please submit a general description of how the risk management responsibilities are defined and how risks are managed within the organization. The description should clarify the following:

- The person responsible within the organization for the management of risks.
- Policies and other relevant risk documentation established in order to support the management of risks.
- The management of risks within the organization.
- The distribution of information relating to risk management within the organization.
- Procedures for handling operational incidents.
- The escalation routines relevant to a risk or incident, including the named recipients of incident reporting.
- The organization of internal control functions.

6.2 Risk inventory

Please describe the management of the following risks:

Operational risk / IT risk

- Risks relating to the operational organization (e.g. inadequate organization, unclear responsibilities, no decision-maker at hand in difficult situations).
- Risks relating to personnel (e.g. key staff dependence, human error, ignorance, fraud, insufficient training).
- Risks due to loss of data communications, telecommunications and power.
- Risks due to damaged hardware, systems, applications or communications jeopardizing usage of critical IT systems.
- Risks due to viruses or other cyberattacks.
- Risks due to unauthorized access or poor data security.
- Risks due to insufficient physical security arrangements.
- Risks that the premises used by the applicant are destroyed or otherwise rendered inaccessible.
- Other operational risks.

Other risks

- Legal risks (e.g. investments, other business operations).
- Counterparty risk (e.g. principal risk, market risk, liquidity risk).
- Outsourcing (e.g. confidentiality issues, operational risks with outsourcing).

¹³ Decision: "Data Security Rules and Contingency Planning for Errors and Other Exception Conditions".

6.3 Business Continuity, Disaster Recovery plans and insurances

Please give an overview of the applicant's preparedness and preventive measures in place for handling any crises and/or abnormal situations in the form of a Business Continuity and Disaster Recovery plan. Please state who is responsible for the maintenance, testing and updating these measures.

Please provide information on the applicant's insurance policies (business liability and crime) and guarantees safeguarding operations, as well as any other similar arrangements.

6.4 Information security

Please give an overview of the applicant's information security management system and responsibilities. Overview should also contain information of relevant information security policies and their update cycles.

7 Technical description

A participant of Euroclear Finland must be technically connected to and capable of operating the CSD system in accordance with Euroclear Finland's requirements for technical communication. Information on the details required to describe the technical communication as well as the key stakeholders' contact form from the participant side for Euroclear Finland is found as an addendum (Technical Connectivity Description) to these instructions.

8 Participant roles

Settlement Member

8.1 Payments

Please confirm that you are able to do Central Bank Money settlement. Also, please provide Euroclear Finland with a monetary account in the TARGET system of the European System of Central Banks in which the payments to the Settlement Member are to be made. If you do not have your own account in the TARGET system, you shall arrange payment transactions with a party whose account details you will provide to Euroclear Finland.

Depository Participant

8.2 Account specification

Please state whether the accounts are to be opened on your own behalf and/or on behalf of a third party. Describe and define your account structure together with an estimate of the number of accounts to be opened.

8.3 Liability

According to the ABEA, Depository Participants have a strict liability, which means that a Depository Participant is, irrespective of negligence, liable to compensate damages relating to a book-entry account managed by it.¹⁴ Please confirm that you understand the strict liability of a Depository Participant and state whether your liability insurance covers claims for damages according to strict liability of Depository Participants.

¹⁴ ABEA section 30.

8.4 Finnish Central Securities Depository Fund

Please confirm that you undertake to comply with the Rules of the Finnish Central Securities Depository Fund and to pledge a security to the Registration Fund. When a new Depository Participant starts its operations, the amount of the pledged security shall be 300,000 euros. The purpose of the Fund is to safeguard the fulfilment of the legal liability in damages of a Depository Participant up to the statutory maximum. If the Depository Participant is unable to meet its liability in damages provided for in the ABEA, the injured party shall be entitled to compensation from the Registration Fund.¹⁵

8.5 Systems and registrations

The Depository Participant must be able to handle communication with Euroclear Finland and fulfill the tasks required from a Depository Participant.

The Depository Participant must be able to take care of the transactions relating to keeping book-entry accounts. The Depository Participant must maintain the data of its book-entry account in Euroclear Finland's book-entry register to the extent it provides services for its customers. It shall be able to communicate with Euroclear Finland's book-entry register via graphical user interface (GUI) or/and messaging interfaces.

Please describe how you fulfill the responsibilities of a Depository Participant. Please confirm that you have the proper systems in use to carry out all required tasks.

8.6 Daily reconciliation¹⁶

Please explain how you will perform daily reconciliation.

8.7 Plan on the settlement of errors and discrepancies

A Depository Participant shall present a plan for the settlement of errors and discrepancies in its operations. Please present the information required according to the managing director's decision on the plan on the settlement of errors and discrepancies.¹⁷

Euroclear Finland should be contacted as soon as the discrepancy occurs, if there is a significant discrepancy and the participant does not know the reason.

Issuer Agent¹⁸

An Issuer Agent role shall be granted together with a Depository Participant and a Settlement Member role. An Issuer Agent carries out issues and corporate actions in central bank money.

8.8 Event specification

Please specify which types of corporate actions, issues and other corporate events you are planning to process as an Issuer Agent.

8.9 Business separation

Please describe how business activities as an Issuer Agent will be kept separate from any other business activities within your organization.

¹⁵ ABESSO chapter 6 section 9-11, see also Rules of Finnish Central Securities Depository Fund.

¹⁶ CSDR, Article 22, 33

¹⁷ Decision: "Plan on the Resolution of Errors and Discrepancies".

¹⁸ Decision: "Issues and Corporate Actions in the Book-Entry System".

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9 Required documents to enclose

1. Know Your Client Questionnaire (template from Euroclear Finland)
 - a. Ownership and group structure (including beneficial owners, parent companies and subsidiaries). Please ensure that the chart contains entities' residences or deliver residences separately in a group company list.
 - b. List of up-to-date and accurate information on the names, date of births, citizenships and residences of the members of the board of directors and chief executive officer (if not already provided with other documentation) Extract from the Trade Register or corresponding account of registration (No more than 3 months old).
2. Extract from the Trade Register or corresponding account of registration (No more than 3 months old).
3. Verified Articles of Association or Rules.
4. External legal opinion in case you are obliged to submit it.
5. Copy of notification from the supervisory authority of your home state to the Supervisory Authority of Finland and the reply submitted by the Finnish Financial Supervisory Authority to this notification.
6. General description of your organization and an organizational chart of the overall organization.
7. Organization and management in relation to Euroclear Finland and CVs regarding of the personnel's experience in the securities markets.
8. Annual reports (Financial statement and auditor's report) for the two most recent financial years and the most recent quarterly report. Also, a forecast for current year with adjustments where necessary -
9. Copy of the agreement with the outsourcing service provider.
10. Your business continuity plans and recovery plan.
11. An up-to date list of your authorized signatories -
 12. Copies of valid and acceptable identity documents of company's representatives, who represent company in the relationship with Euroclear Finland (for example the signatories of this questionnaire). Acceptable identity document is a valid passport, Finnish driving license or Finnish identification card. An acceptable identity document of a person without Finnish personal identity code is a passport.

10 Other documents

All below listed documents from Euroclear Finland:

1. Affirmation of readiness
2. Participant Agreement (2) identical copies
3. The Rules of the Finnish Central Securities Depository Fund
4. Pledge agreement Registration Fund. (2) identical copies
5. Pledge agreement Registration Fund - ANNEX. (2) identical copies
6. Agreement on Finnish Market-Specific Transfers of Book-entry Securities
7. Technical Connectivity Description
8. List of the key IT stakeholders with contact details



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